

## Message Text

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ACTION SP-02

INFO OCT-01 ARA-06 ISO-00 SS-15 NSC-05 OMB-01 TRSE-00 L-01

AID-05 IGA-01 ABF-01 RSC-01 PC-01 /040 W

----- 072475

R 011225Z NOV 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 6240

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

C O N F I D E N T I A L BRASILIA 8281

E.O.11652: GDS

TAGS: PFOR, SGEN

SUBJECT: FY 1976 PEACE CORPS PROGRAM

REF: STATE 236947

1. FOLLOWING ARE EMBASSY'S RESPONSES TO QUESTIONS POSED  
REFTEL CONCERNING POSSIBLE GOB FINANCIAL CONTRIBUTION TO  
PEACE CORPS PROGRAM, TOGETHER WITH SOME GENERAL COMMENTS:

(A) IN OUR ESTIMATION CHANCES THAT GOB WOULD AGREE TO  
MAKE EVEN MODEST CONTRIBUTION TO FINANCING PEACE CORPS  
PROGRAM IN BRAZIL ARE SLIGHTLY LESS THAN EVEN. WHILE IT  
IS OF COURSE DIFFICULT TO ESTIMATE ACCURATELY WITHOUT  
BROACHING QUESTION WITH GOB, WE CONSIDER CHANCES OF A  
MAJOR CONTRIBUTION REMOTE. (B) WE DOUBT THAT THREAT OF  
TERMINATING PROGRAM BY JULY 1, 1975 WOULD HAVE SIGNIFICANT  
INFLUENCE ON FEDERAL GOVERNMENT'S DECISION CONCERNING  
CONTRIBUTION. LIKELY THAT ANY CONTRIBUTIONS WOULD BE  
MADE ON CASE-BY-CASE BASIS, IF AND WHEN PROJECTS WERE  
IDENTIFIED BY GOB WHICH SEEMED TO MERIT INPUT OF  
BRAZILIAN RESOURCES. (SUBIN, AGENCY WITHIN SECRETARIAT  
OF PLANNING WHICH IS PRIME PEACE CORPS CONTACT POINT,  
HAS ON ONE OR TWO OCCASIONS IN PAST INDICATED  
READINESS TO CONTRIBUTE TO A SPECIFIC PC PROJECT, IN  
CASES WHERE PROJECT WAS DEEMED PARTICULARLY WORTHWHILE  
BY FEDERAL AUTHORITIES AND LOCAL BRAZILIAN INSTITUTION  
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INVOLVED LACKED SUFFICIENT RESOURCES TO MAKE PROJECT

VIABLE.) THESE PRACTICAL DECISIONS UNLIKELY TO BE INFLUENCED BY THREAT TO CLOSE DOWN PROGRAM. (C) IF NOTICE WERE GIVEN OF TERMINATION, REACTION AT FEDERAL LEVEL WOULD PROBABLY NOT BE VERY SHARP. AID WINDUP HAS ALREADY ALREADY CONDITIONED GOB TO TERMINATION US PROGRAMS, ACCEPTING NEED TO TRANSFER LIMITED US RESOURCES TO LESSER DEVELOPED COUNTRIES. AT PEACE CORPS OPERATING LEVEL, I.E., AMONG STATE AND LOCAL AUTHORITIES WHERE PCV'S ACCOMPLISHING USEFUL WORK, THERE WOULD UNDOUBTEDLY BE SOME STRONG DISAPPOINTMENT. UNLIKELY HOWEVER THAT THIS SCATTERED NEGATIVE REACTION WOULD BE SUFFICIENTLY ORGANIZED AND FOCUSED TO CAUSE MAJOR PROBLEM IN US-BRAZIL RELATIONS. MAIN SETBACK TO US OBJECTIVES HERE WOULD THUS BE LOSS OF LOCAL LEVEL PEOPLE-TO-PEOPLE CONTACT WHICH PEACE CORPS PROGRAM HAS AFFORDED, A RESOURCE IN US-BRAZIL RELATIONS WHICH EMBASSY CONSIDERS HIGHLY WORTHWHILE BUT NOT INDISPENSABLE. (D) PEACE CORPS ACTIVITIES IN BRAZIL ARE CONCENTRATED IN SECTORS (HEALTH, EDUCATION AND AGRICULTURE) AND GEOGRAPHIC AREAS (NORTH AND NORTH EAST) WHICH HAVE ALSO RECEIVED PRIORITY IN AID PROGRAM. HOWEVER GIVEN CURRENT PHASE DOWN AND OUT OF AID PROGRAM, TERMINATION OF PEACE CORPS ACTIVITIES WOULD PROBABLY HAVE LITTLE IMPACT ON AID DEVELOPMENT OBJECTIVES. (E) EMBASSY WOULD PREFER TO SEE CURRENT LEVEL OF PEACE CORPS ACTIVITY IN BRAZIL PHASED DOWN RATHER THAN INSIST UPON GOB CONTRIBUTION.

2. FOLLOWING POINTS IN EMBASSY'S VIEW SHOULD BE WEIGHED CAREFULLY IN CONSIDERING WHETHER TO APPROACH GOB FOR CONTRIBUTION: (A) LOGICAL TO EXPECT THAT GOB WOULD PREFER TO TIE ANY CONTRIBUTIONS TO SPECIFIC NEW OR ONGOING PROJECTS WHICH FEDERAL AUTHORITIES CONSIDER OF PRIORITY INTEREST, RATHER THAN TO MAKE BLANKET PLEDGE TO DEFRAID PORTION OVERALL PEACE CORPS OPERATING COSTS IN BRAZIL. MOST LIKELY SUCH CONTRIBUTIONS WOULD BE FROM SUBIN'S FUND FOR FINANCING OF PROJECTS OF TECHNICAL COOPERATION. IMPORTANT TO RECALL THAT UNDER PRESENT GROUND RULES FOR THIS FUND'S OPERATION, ANY CONTRIBUTION TO PEACE CORPS PROJECT WOULD REQUIRE AT LEAST MATCHING CONTRIBUTION FROM PARTICIPATING BRAZILIAN AGENCY

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(FEDERAL, STATE, LOCAL LEVEL). EMBASSY BELIEVES LATTER REQUIREMENT WOULD CONSTITUTE SERIOUS BOTTLENECK, SINCE INSTITUTIONS WHICH CURRENTLY RECEIVE MOST OF PEACE CORPS PROGRAM ASSISTANCE NOT LIKELY TO BE IN POSITION CONTRIBUTE ANY SIGNIFICANT SHARE OF FUNDING. (B) STRONG LIKELIHOOD EXISTS THAT IF GOB DECIDED TO MAKE CONTRIBUTION EITHER TO OVERALL PROGRAM OR TO CERTAIN SPECIFIED PROJECTS, FEDERAL AUTHORITIES WOULD INSIST

ON PLAYING STRONG ROLE IN DECISION-MAKING PROCESS AS PROGRAM IMPLEMENTATION PROCEEDS, A ROLE SIGNIFICANTLY OUT OF PROPORTION TO SIZE OF CONTRIBUTION AMOUNTING VIRTUALLY TO VETO POWER. (C) GOB WOULD PROBABLY SEEK TO ALTER MAIN THRUST PEACE CORPS PROGRAM IN DIRECTION OF NEEDED TECHNICAL ASSISTANCE, WITH INCREASING PREFERENCE FOR TECHNICALLY QUALIFIED VOLUNTEERS (MA'S, PHD'S). THERE WOULD SIMILARLY BE PRESSURE FOR IMPROVED OVERALL EFFICIENCY IN RECRUITING, WITH AUTHORITIES HERE REGISTERING STRONG IMPATIENCE IF (AS HAS BEEN THE CASE SO FAR) PEACE CORPS WASHINGTON UNABLE FILL VACANCIES ADEQUATELY AFTER MONTHS OF RECRUITING EFFORT. IN SHORT, REQUIREMENTS FOR PCV QUALIFICATIONS WOULD BECOME MORE STRINGENT AND AT SAME TIME TOLERANCE OF RECRUITING DIFFICULTIES WOULD DIMINISH. ON BASIS PROGRAM EXPERIENCE TO DATE WE ARE NOT OPTIMISTIC THAT THESE DEMANDS COULD BE MET. THERE IS THUS LIKELIHOOD THAT SERIES OF NEW HEADACHES IN OUR DEALINGS WITH BRAZILIANS WOULD DEVELOP. (D) EMBASSY ASSUMES THAT IF GOB CONTRIBUTION WERE TO BE MADE, WASHINGTON IS READY TO SEE BASIC ROLE OF PEACE CORPS IN BRAZIL SIGNIFICANTLY ALTERED. HERETOFORE GOB HAS PROVIDED NO FINANCING AND VIRTUALLY NO FACILITATION. PEACE CORPS MEMBERS HAVE BEEN "VOLUNTEERS" IN BEST SENSE, FURNISHING ASSISTANCE WHERE IN US EYES IT COULD BE MOST BENEFICIAL. WITH EVEN MINOR CONTRIBUTION, GOB LIKELY REGARD PCV'S AS HIRED TECHNICIANS WHOSE SALARIES JOINTLY FINANCED BY BRAZILIAN AND US GOVERNMENTS AND WHO ARE SUBJECT TO CONTROL OF THESE TWO AUTHORITIES.

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